

World Table Grape Situation and Outlook

U.S. total fresh-market grape production in 2003 is expected to decline about 9 percent to 810,000 metric tons, down from the large levels seen in 2002. California fresh market table grape production was about 600,000 tons during 2002, or about 68 percent of all grapes utilized in the fresh market. The value of this production was \$450 million. Table grape production during the 2003 season is expected to increase just over 1 percent for selected Northern Hemisphere table grape producing countries and 5 percent for select Southern Hemisphere countries.

United States

On July 8, 2003, the National Agricultural Statistics Service (NASS) released the *Non-citrus Fruits and Nuts Summary*.

According to the report, the California crop, which accounts for 91 percent of the 2002 U.S. utilized grape production, was up 12 percent (revised up from 9 percent in January) from the previous year. Also for California, wine-type production increased 3 percent (revised up from 2 percent) from 2001,

raisin-type production rose 28 percent (revised up from 20 percent), and table-type production was 4 percent higher (revised down from 5 percent). Excellent weather and more bearing acreage in California contributed to these production increases. Utilized production also increased from 2001 in Arkansas, Michigan, Missouri, New York, North Carolina, Virginia, and Washington.

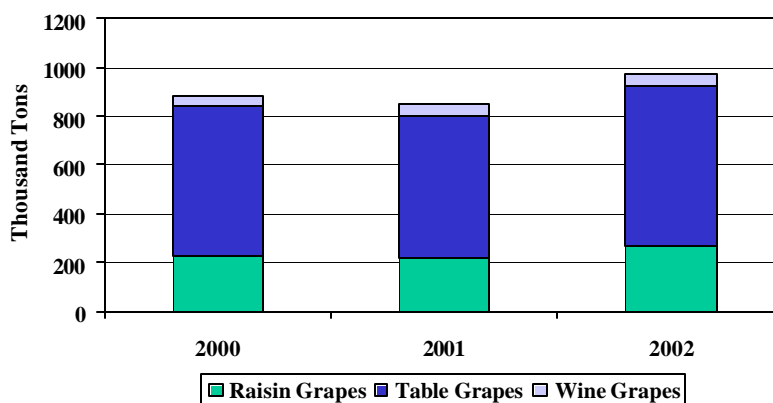
California grape growers received prices in 2002 for raisin, table, white and red wine grapes that were, on average, less than the 2001 prices. The 2002 average price of all varieties per short ton was \$461.82, down 17 percent from 2001. Average prices per short ton for the 2002 crop by type were as follows: red wine grapes, \$613.33, down 10 percent from 2001; white wine grapes, \$431.43, down 12 percent; raisin grapes, \$75.51, down 12 percent; and table grapes, \$80.49, down 8 percent. These price levels have not been adjusted for inflation. To download the full report go to <http://www.nass.usda.gov/ca/bul/crush/indexgcb.htm>. The *Preliminary Grape Crush* report for 2003 will be released in February 2004.

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California Fresh-Market Grape Utilization

(Short Tons)



Source: National Agricultural Statistics Service, USDA
Noncitrus Fruits and Nuts Final published July 8, 2003

Total U.S. utilized grape production for 2002 was revised up from January's preliminary estimate of 7.14 million short tons (6.48 metric tons) to 7.36 (6.68 metric tons), up 12 percent from the 2001 crop. The value of utilized production was \$2.9 billion, down \$81 million from 2001. Utilized production increased from the previous year in 7 of the 14 reported states. These states include Arkansas, Michigan, Missouri, North Carolina, Ohio, Virginia, and Washington. The *Non-citrus Fruits and Nuts Preliminary Summary* for 2003 will be released on January 26, 2004. According to the NASS *Crop Production* report released October 10, 2003, U.S. grape production for 2003 is expected to be down 8 percent from 2002 and total 6.75 million tons (6.13 million metric tons)

U.S. table grape export quantities during 2002 increased 3 percent from a year earlier. Our North American partners, Canada and Mexico, showed the most growth, 11 and 32 percent, respectively. Imports during 2002 increased 27 percent over the lower levels of 2001. Counter-seasonal shipments from Chile and Mexico supplied 97 percent of total imports last year. During 2003,

January to August, imports ran 10 percent above the same period in 2002. Exports for the first 8 months showed a 5-percent increase over the same time frame a year ago. Generally, the export season for U.S. table grapes runs from late May through December. As Asian countries' economies continue to improve, expectations remain favorable for a fourth consecutive record year for exports. Exports to Asia are running over 20 percent above last year.

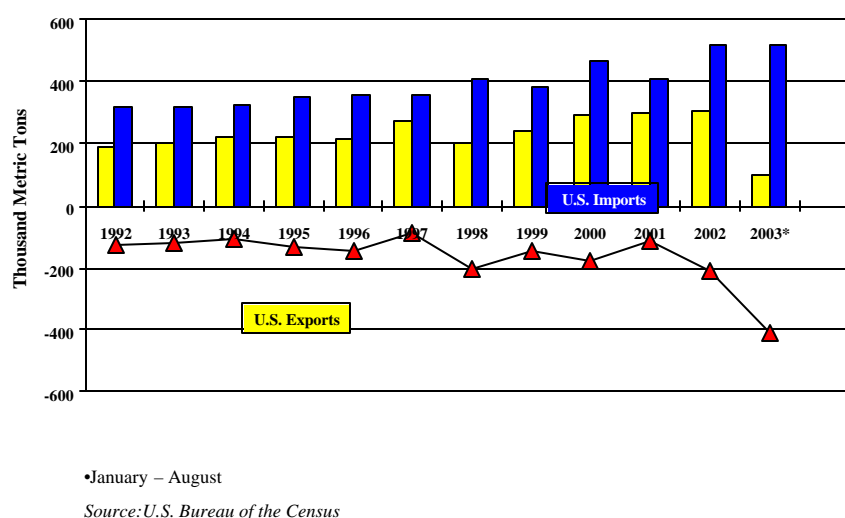
The Market Access Program (MAP) is an important market development tool used to stimulate demand and fuel table grape exports. During marketing year (MY) 2002, the USDA/FAS and the California Table Grape Commission shared the cost of promotional activities in Asia, Latin America, and the United Kingdom.

Chile

Table grape production during 2002 was slightly higher than expected due to favorable weather. Chile produced 1 million tons of grapes during 2002 and production in 2003 is expected to be up about 6 percent. Domestic grape consumption is only about 10 percent, so any change in production levels

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U.S. Table Grape Trade Balance



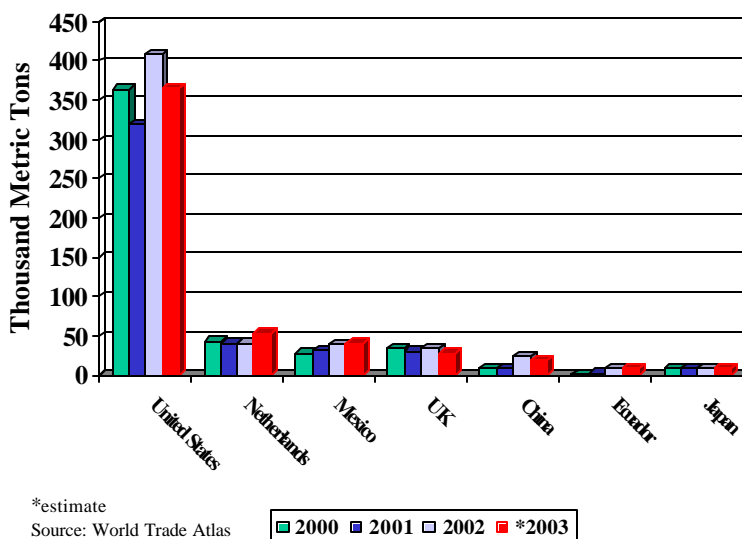
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generally means more movement of supplies to the export market.

Chile begins to market production in December. Exports for 2004 are expected to show a mild increase over this year's estimated level. Import levels should remain constant at approximately 12 tons per year. For 2003, it is estimated that about 57 percent of all grape exports are destined for the U.S. market.

In January 2003, the Free Trade Agreement with the European Union provided Chile with a duty-free quota of 37,000 tons of grapes. For more information, see GAIN #E22128. Chile produces over 36 varieties of table grapes for export. Thompson Seedless, Flame Seedless, and Ribier are the bulk of production. Production of the Red Globe variety has increased significantly in the last few years, as most replanting has been with this variety. Chile is the world leader in export market share with 25 percent in 2002.

Chile – Table Grape Exports

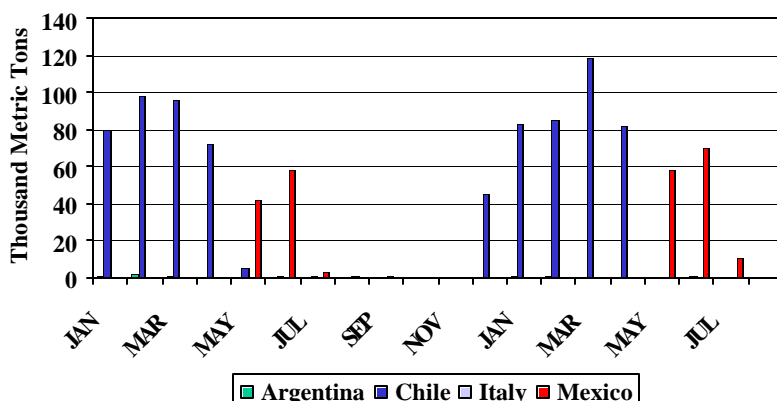


Mexico

Mexico's grape production during 2003 is expected to show a 3-percent increase over the previous year. Expansion possibilities are limited due to water availability, but producers are trying to become more efficient by increasing yields. The United States is by far the largest market for Mexican grapes, which are first marketed in May. Imports from Mexico in 2002, at 103,000 tons, were almost twice the amount of grapes that Mexico imports from the United States at 47,000 tons. Mexico is the third largest market for U.S. grapes. The weakness of the Mexican peso relative to the U.S. dollar makes grapes relatively expensive compared to product from other countries like Chile. Through August, U.S. imports from Chile are up 6 percent while imports from Mexico are up 35 percent.

U.S. Grape Import Suppliers

(Monthly 2002 and 2003 thru Aug.)



Source: U.S. Department of Commerce, Bureau of the Census.

Canada

Canada's imports of table grapes from the United States increased 11 percent during 2002, accounting for about 53 percent of Canada's total import market. The first 8 months of trade during 2003 shows shipments of table grapes from the United States decreasing 18 percent from the same time a year ago. During 2002, Chile supplied about 31 percent and Mexico 8 percent. Remaining supplies were sourced from South Africa, Italy, Peru, and Argentina. There is a severe shortage of wine grapes in Canada this season due to last year's harsh winter. ♦

China

China's production in 2002 increased 20 percent to 4.5 million tons (up from the 6-percent increase previously expected) due to increases in grape area planted and the increase in vines bearing fruit. However, this pace is not expected to continue as lower domestic prices will temper additional expansion. Most grapes imported into China come from Chile and the United States. China ranks tenth on the list of top grape suppliers to the U.S. market.

Imports of grapes from the United States have been decreasing the last few years. In 2002, imports declined from 22,000 tons to 19,000 tons. Imports from Chile increased from 27,000 tons to 35,000. China's exports to Russia jumped from 425 tons to over 2,000 tons.

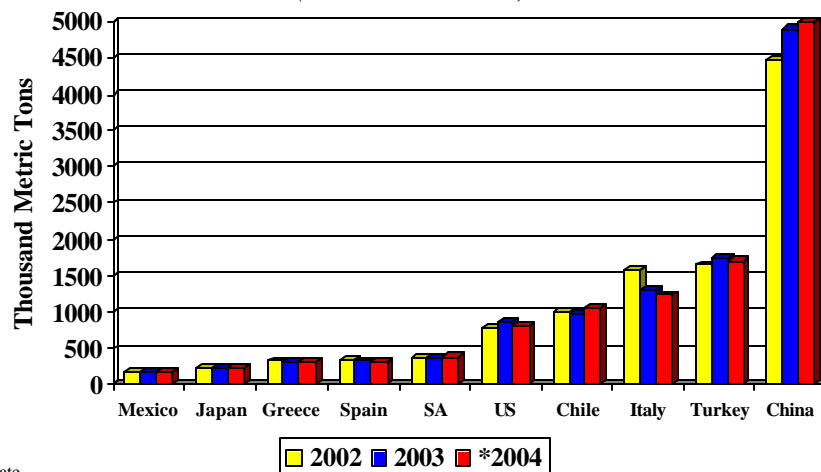
♦ The shortage is so severe that a 1-year agreement has been reached to change the Ontario Provincial Wine Content and Labeling Act to temporarily lower from 30 percent to 10 percent the Ontario grape content allowed for blended Ontario wines.

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World Fresh Table Grape Production

(Select Countries)



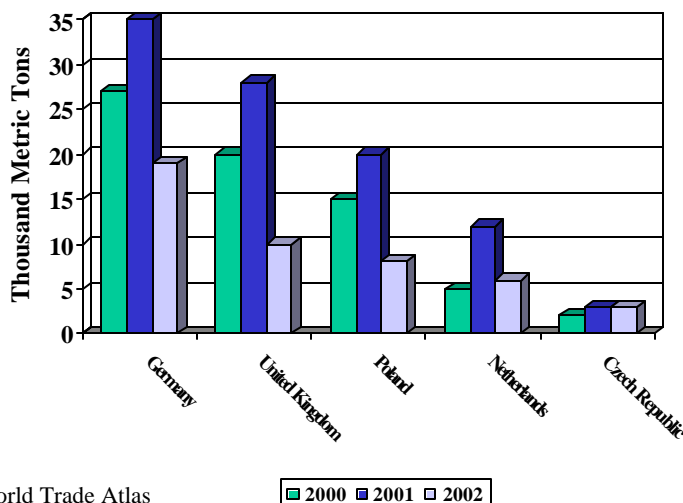
* Estimate

China is also shipping grapes to Vietnam, Pakistan, Malaysia, Hong Kong, Indonesia, and Singapore. However, China continues to be a large net importer of table grapes.

Greece

Expectations for Greek table grape production during 2003 are higher than previously estimated, but still down about 8 percent from the previous year, mostly due to heavy rainstorms that affected the quantity and quality. Production next year, barring any weather aberrations, should be in line with currently expected levels and unchanged from this year. Growers are said to be introducing new varieties that may help to lengthen the marketing season and bolster exports. Exports in 2004 are expected to be up about 2 percent, but still at the level seen during 2002.

Greece – Table Grape Exports



Source: World Trade Atlas

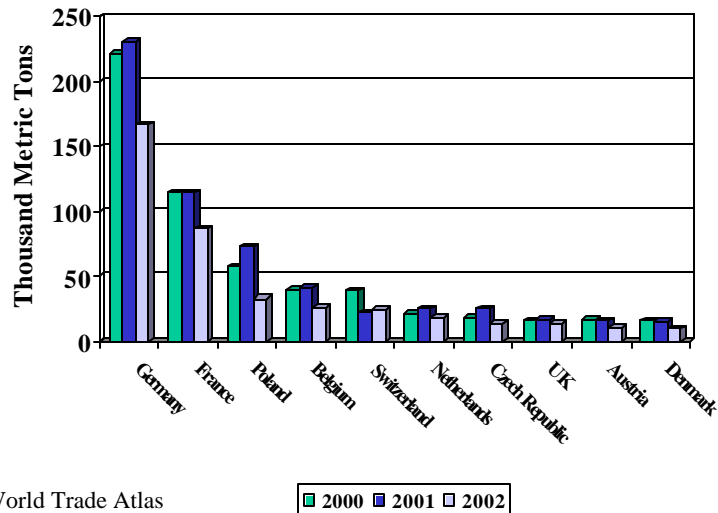
Trade sources indicate that Germany is a more profitable market for Greek grapes than the United Kingdom due to less third-country competition. Grape imports into Greece are minimal and occur either during the off-season or to fill demand of grape varieties not typically grown in country. Most imported product comes from Argentina and Chile.

.S. Export Opportunities

Italy

During 2002, Italy's table grape output was about 1.3 million tons, down from the previous year due to a drought that affected both quantity and quality. Exports in 2002 were down 33 percent. Very hot and dry weather over summer 2003 caused a 5-percent reduction in the expected table grape production for 2003. A recovery is expected for 2004, assuming normal weather patterns, with production up 7 percent.

Italy – Table Grape Exports



Source: World Trade Atlas

Italy is a major net exporter of grapes, shipping approximately 481,000 tons during 2002, valued at approximately \$446 million, according to the World Trade Atlas. This, however, is down about \$126 million from the previous year. In terms of volume, Italy is second after Chile in world trade, with 18 percent of the world market during 2002. Top destination countries include Germany, France, Poland, Belgium, and Switzerland. During the off-season in 2002, Italy imported about 14,000 tons from foreign sources. Chile and Spain supplied the bulk at about 4,000 tons each.

Spain

Spain's table grape production is expected to post another decline. Due to the summer's exceptionally hot temperatures, 2003 production is expected to be down 3 percent. Next season's crop is expected to be off another 2 percent. Grape production in Spain appears to be on the down swing. Despite lower production levels, imports of table grapes continue to decline. Primary sources for imported product continue to be Italy, Chile, and South Africa in the off-season.

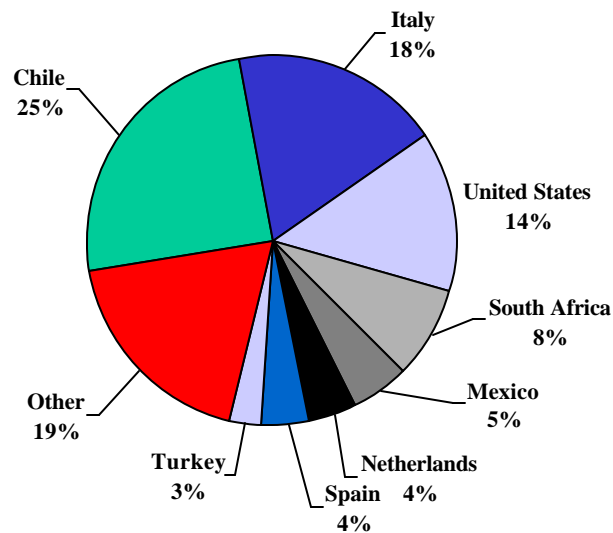
Since Spain's growing season is concurrent with that of the United States, Spain is not a market for U.S. table grapes.

Turkey

Turkey's grape acreage continues to decline. However, better yields this year have fresh table grape production estimates for 2003, up 6 percent. Of total grape production, Seedless Sultana grapes account for about 35 percent, but the majority are dried for the raisin market. Fresh table grape production next year is expected to be unchanged. Forty-five percent of Turkey's production is consumed fresh with 15 percent used for wine production.

Turkey exported about 80,000 tons of fresh grapes onto the world market during 2002 valued at approximately \$32 million. Key export destinations are Russia, Germany, Austria, and the Netherlands.

Fresh Grape Export Market Share 2002 (Volume)



Source: Global Trade Atlas – Percentages vary slightly due to rounding.

Sources: This information was prepared or estimated on the basis of official statistics of foreign governments, other foreign source materials, reports of Agricultural Attachés and Counselors, results of office research, FAS/USDA estimates, and related information. U.S. production numbers are generally from the National Agricultural Statistics Service (NASS). U.S. trade numbers are generally from the U.S. Department of Commerce, Bureau of Census.

For more information on production, supply, and demand visit the on-line production, supply, and demand (PSD) system at http://www.fas.usda.gov/psd/complete_tables/HTP-table6-104.htm

For a complete selection on FAS worldwide reporting visit <http://www.fas.usda.gov>. Regular Fresh Deciduous Fruit reports containing information on grapes are published on Chile, Greece, Italy, South Africa, Spain, Mexico, Japan, Turkey, and China.

Periodic worldwide voluntary reports are also available. Also, please visit our trade database on line at <http://www.fas.usda.gov/ustrade>. Check out the grape webpage at <http://www.fas.usda.gov/http/horticulture/grapes.html>.

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